

County of San Bernardino Real Estate Public Auction

8315 Merrill Avenue, Chino - 1054-391-02 & 03

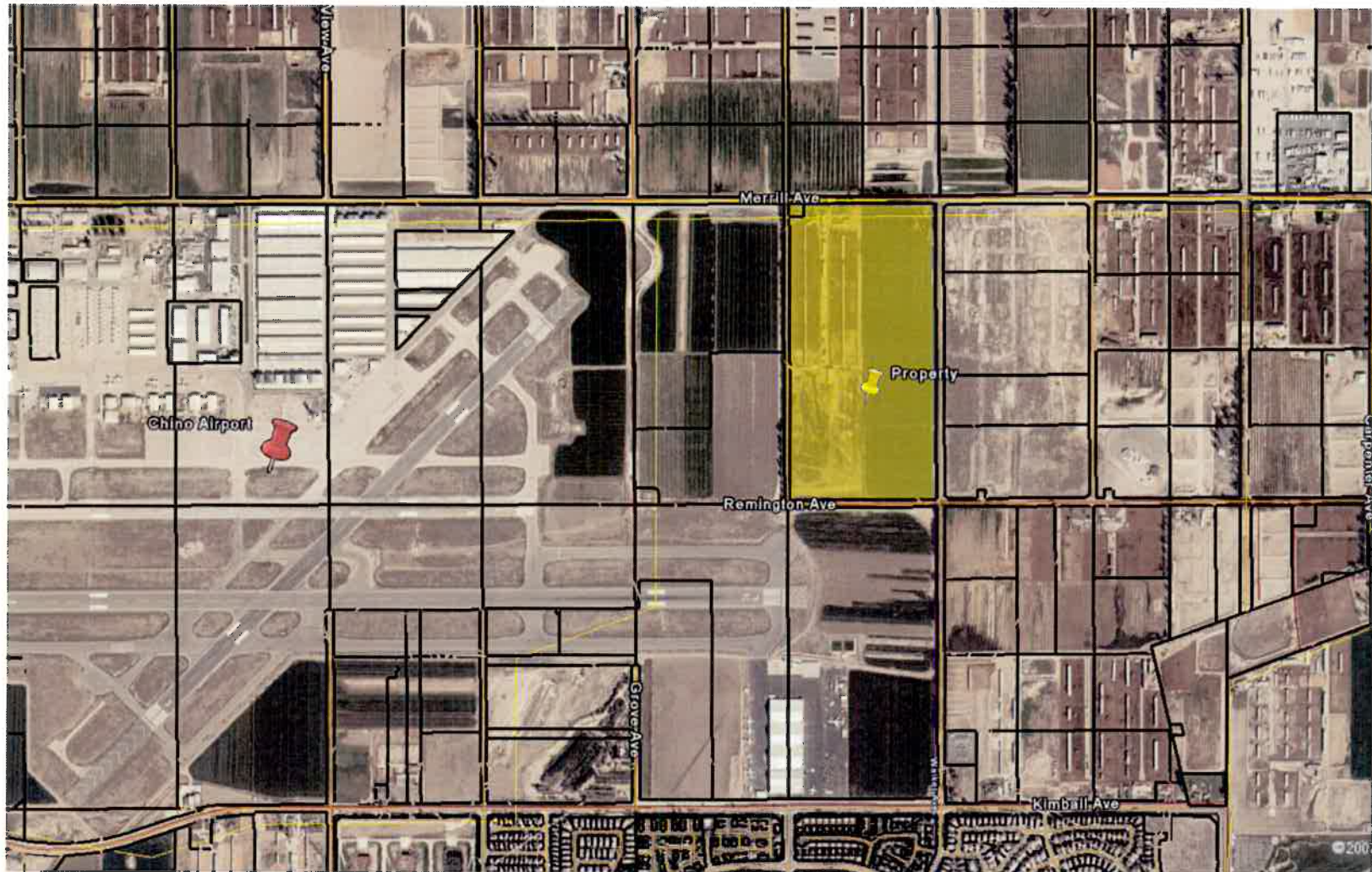


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- Copy of Lease: J & D Star Dairy
- Draft Purchase and Sale Agreement

BID PACKAGE TO PURCHASE REAL PROPERTY

PUBLIC AUCTION DATE: OCTOBER 14, 2014

The information contained in this package was obtained from sources deemed reliable, but is **NOT** guaranteed, and is furnished solely as an aid to prospective buyers.

MINIMUM BID - \$32,800,000

BIDDING PROCEDURES:

1. Complete the Bid Package to Purchase Real Property.
2. Enclose the completed form and the required deposit of \$3,280,000 by certified or cashier's check in an envelope using the address and identification at the bottom of this page. **NO CASH DEPOSIT WILL BE ACCEPTED.**
3. Make deposit payable to: **ESCROW**
4. The bidder's name and mailing address should be shown on the upper left-hand corner of the envelope.
5. **ENVELOPES NOT PROPERLY MARKED, OR OPENED PRIOR TO THE SALE MAY BE DISQUALIFIED.**
6. **Send by certified mail, or hand deliver with check and Bid to Purchase Real Property to arrive not later than 5:00 p.m., October 10, 2014 to:**

County of San Bernardino
Real Estate Services Department
Attn: Jennifer Goodell
385 N. Arrowhead Avenue, 3rd Floor
San Bernardino, CA 92415-0180

OR hand deliver to bid opening not later than 10:00 a.m., October 14, 2014 at the auction to be held at:

**County of San Bernardino
Real Estate Services Department
385 N. Arrowhead Avenue
San Bernardino, CA 92415**

7. Bids must be made by a principal desiring to purchase the property or by an agent bearing a notarized authorization or power of attorney, signed by the principal, authorizing the agent to act on the principal's behalf.

8. Minor irregularities in these procedures may be waived at the sole option of the Real Estate Services Department when such irregularities are not in conflict with law.
9. Oral bids will be accepted in accordance with Government Code Section 25531 outlined on the last page of this bid package.

SEALED BID:	County of San Bernardino
To be opened at 10:00 a.m.	Real Estate Services Department (RES D)
Auction Date: October 14, 2014	Attn: Jennifer Goodell, Real Property Agent II
File No.: 5100 0847	385 N. Arrowhead Ave., 3 rd Floor
<u>Location of Auction:</u>	San Bernardino, CA 92415-0180
385 N. Arrowhead Avenue,	Direct Line: (909) 677-0477
San Bernardino, CA 92415	jgoodell@res.sbcounty.gov

BID TO PURCHASE REAL PROPERTY

PROPERTY APN(s): 1054-391-02, 03

MINIMUM BID: \$32,800,000

REQUIRED DEPOSIT: \$3,280,000 (submit with bid)

TERMS: This sale is subject to the approval of the San Bernardino County Board of Supervisors. Buyer to pay all escrow and title fees and will be required to enter into a Purchase and Sale Agreement upon acceptance of the bid. A copy of the form of the PURCHASE AND SALE AGREEMENT is available for review upon request.

BIDDING PROCEDURE

In accordance with California Government Code Section 25531, "Oral Bids", the following will apply:

"Before accepting any written proposal, the board shall call for oral bids. If, upon the call for oral bidding, any responsible person offers to purchase the property or to lease the property, as the case may be, upon the terms and conditions specified in the resolution, for a price or rental exceeding by at least five percent, the highest written proposal which is made by a responsible person, such highest oral bid shall be finally accepted."

PLEASE COMPLETE THE BID INFORMATION BELOW

Name of Bidder: _____

Buyer Vesting on Title: _____

Address: _____

Phone Number: _____

Bid Amount: \$ _____

Bidder Signature: _____

***Please submit with the required \$3,280,000 deposit in the form of a certified or cashier's check**

Preliminary Title Report



Stewart Title of California, Inc
7065 Indiana Avenue, Suite 100
Riverside, CA 92506
(951) 276-2700 Phone

PRELIMINARY REPORT

Order Number : 467110
Title Unit Number : 7436
Your File Number : Diary
Buyer/Borrower Name: :
Seller Name: : County of San Bernardino
Property Address: 1054-391-02 & 1054-391-03, San Bernardino, California

In response to the above referenced application for a Policy of Title Insurance, Stewart Title of California, Inc. hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referenced to as an Exception on Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions, and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on covered Risks of said policy or policies are set forth in Exhibit A attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limits of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters, which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report, (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance a binder or commitment should be requested.

Dated as of: April 17, 2014 at 7:30 a.m.

Update No. 1

Norm Burdick, Title Officer

When replying, please contact Norm Burdick, Title Officer

PRELIMINARY REPORT

The form of Policy of Title Insurance contemplated by this report is:

- ☐ California Land Title Association Standard Coverage Policy
- ☐ American Land Title Association Owners Policy
- ☐ American Land Title Association Residential Title Insurance Policy
- ☐ American Land Title Association Loan Policy
- ☐ CLTA/ALTA Homeowners Policy
- ☐ ALTA Short Form Residential Loan Policy (06/16/07)
- ☐ 2006 ALTA Loan Policy

SCHEDULE A

The estate or interest in the land hereinafter described or referred to covered by this report is:

Fee

Title to said estate or interest at the date hereof is vested in:

County of San Bernardino

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of San Bernardino, and described as follows:

Parcel 1:

The north 147.16 feet of the west 148 feet of Lot 38 in Section 21, Township 2 south, Range 7 west, according to map of Subdivision of Rancho Santa Ana Del Chino, as shown by map on file in Book 6 Page(s) 15, of Maps, Records of San Bernardino County, California.

Parcel 2:

Lot(s) 37, 38, 43, 44, 53, 54, 59 and 60, all in Section 21, Township 2 south, Range 7 west, according to the map of Subdivision of Rancho Santa Ana Del Chino, as shown by map on file in Book 6 Page(s) 15, of Maps, Records of San Bernardino County;

Except that portion of Lot 38 lying within Parcel 1 shown above.

APN 1054-391-02 and 1054-391-03

(End of Legal Description)

SCHEDULE B

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy or policies would be as follows:

Taxes:

- A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes, to be levied for the fiscal year 2014-2015.
- B. General and special city and/or county taxes, bonds or assessments which may become due on said land, if and when title to said land is no longer vested in a governmental or quasi-governmental agency. Tax parcel(s) for said land are currently shown as
1054-391-03 (Parcel 1)
1054-391-02 (Parcel 2)
- C. Assessments, if any, for Community Facility Districts affecting said land which may exist by virtue of assessment maps or notices filed by said districts. Said assessments are collected with the County Taxes.
- D. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.

Exceptions:

- 1. Water rights, claims or title to water in or under said land, whether or not shown by the public records.
- 2. Title to, and easements in, any portion of the land lying within any highways, roads, streets, or other ways.
- 3. An easement for pipelines and aqueducts, and rights incidental thereto, as set forth in a document recorded July 6, 1909 in Book 440, Page(s) 373 of Deeds, in favor of Chino Land and Water Company.
- 4. An easement for pipelines, and rights incidental thereto, as set forth in a document recorded June 26, 1950 in Book 2595, Page(s) 506 of Official Records, in favor of Southern California Gas Company, a Corporation, and Southern Counties Gas Company of California, a corporation.
- 5. Covenants and restrictions imposed by a Land Conservation Contract executed pursuant to Section 51200 et. seq. California Government Code, recorded February 27, 1970 in Book 7396, Page(s) 640 of Official Records.

The matters contained in an instrument entitled "Notice of Non-Renewal of Land Conservation Contract" upon the terms therein provided recorded September 1, 1995 as Instrument No. 95-304617 of Official Records, executed by the Clerk of the Board of Supervisors of the County of San Bernardino.

The matters contained in an instrument entitled "Notice of Non-Renewal of a Land Conservation Contract" upon the terms therein provided recorded January 16, 1996 as Instrument No. 96-13137 of Official Records, executed by the Clerk of the Board of Supervisors of the County of San Bernardino.

Reference is made to said document for full particulars.

6. The effect of a Record of Survey on file in Book 105 Page 53, of Records of Survey, which purports to show the herein described property.
7. Please be advised that our search did not disclose any open deeds of trust of record. If you should have knowledge of any outstanding obligation, please contact your title officer immediately for further review.
8. Rights of parties in possession.

(End of Exceptions)

NOTES AND REQUIREMENTS

None

CALIFORNIA "GOOD FUNDS" LAW

California Insurance Code Section 12413.1 regulates the disbursement of escrow and sub-escrow funds by title companies. The law requires that funds be deposited in the title company escrow account and available for withdrawal prior to disbursement. Funds received by Stewart Title of California, Inc. via wire transfer may be disbursed upon receipt. Funds received via cashier's checks or teller checks drawn on a California Bank may be disbursed on the next business day after the day of deposit. If funds are received by any other means, recording and/or disbursement may be delayed, and you should contact your title or escrow officer. All escrow and sub-escrow funds received will be deposited with other escrow funds in one or more non-interest bearing escrow accounts in a financial institution selected by Stewart Title of California, Inc.. Stewart Title of California, Inc. may receive certain direct or indirect benefits from the financial institution by reason of the deposit of such funds or the maintenance of such accounts with the financial institution, and Stewart Title of California, Inc. shall have no obligation to account to the depositing party in any manner for the value of, or to pay to such party, any benefit received by Stewart Title of California, Inc.. Such benefits shall be deemed additional compensation to Stewart Title of California, Inc. for its services in connection with the escrow or sub-escrow.

If any check submitted is dishonored upon presentation for payment, you are authorized to notify all principals and/or their respective agents of such nonpayment.

Wire Instructions

If you anticipate having funds wired to Stewart Title of California, Inc., our wiring information is as follows:

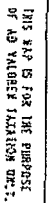
Additional Note: Direct wire transfers to:

Union Bank
1980 Saturn Street
Monterey Park, CA 91755

Routing Number: 122000496
Credit to Stewart Title of California, Inc.
Sub-Escrow Trust Account
Account Number: 9120050750
Reference Order Number: 467110
Title Unit Number: 7436
Title Officer Name: Norm Burdick

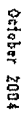
When instructing the financial institution to wire funds, it is very important that you reference Stewart Title of California, Inc.'s order number.

Should you have any questions in this regard please contact your title officer immediately.



Chino District
Tax Rais Area
61001

1054-59



Assessor's Map
Book-1054 Page 39
San Bernardino County

SECRET

Proposed Easement to the City of Chino for Proposed Improvements to Merrill
Avenue

(Subject to approval by the San Bernardino County Board of Supervisors)

RECORDING REQUESTED BY

City of Chino
Public Works Department
P.O. Box 667
Chino, CA 91708

AND WHEN RECORDED MAIL TO

City Clerk
City of Chino
P.O. Box 667
Chino, CA 91708

DRAFT

Exempt from recording fees according to
Government Code Section No. 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF RIGHT-OF-WAY

CITY OF CHINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA

GRANTOR(S)

grants to the City of Chino, a political subdivision of the State of California, for public street and road purposes, public utilities, wires, cables, conduits, storm sewers, sanitary sewers, water pipelines (for any purpose, potable or non-potable, domestic or agricultural), a right-of-way and easement in, over, under, upon, and across all that real property situated in the City of Chino, County of San Bernardino, State of California, described as follows:

SEE ATTACHED EXHIBIT A AND EXHIBIT B

SIGNATURE(S) OF GRANTOR(S): NOTE: SIGNATURES MUST BE NOTARIZED

FULL NAME OF CORPORATION:

BY:

Type Full Name and Title

Signature

Date

BY:

Type Full name and Title

Signature

Date

BY:

Type Full Name and Title

Signature

Date

This is to certify that the interest in real property conveyed by the within instrument to the City of Chino, California, a municipal corporation, is hereby accepted by order of the City Council, and the grantee consents to the recordation thereof by its duly authorized officer.

CITY OF CHINO:

DTT: none

CITY CLERK

DATE

LEGAL DESCRIPTION

EASEMENT

APN: 1054-391-02

Parcel "A"

Being a portion of Lot 37, in Section 21, Township 2 South, Range 7 West, San Bernardino Meridian, according to the Map of Subdivision of part of Rancho Santa Ana Del Chino, in the City of Chino, County of San Bernardino, State of California, as per map recorded in Book 6, Page 15 of Maps, Records of said County, described as follows:

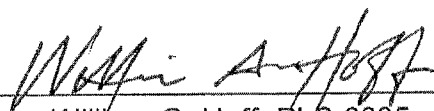
BEGINNING at the northeast corner of said Lot 37, also being the intersection of the southerly line of Merrill Avenue, (33 feet half-width) and the westerly line of Flight Avenue (formerly Walker Avenue) (33 feet half-width); thence South 00°29'49" East along the easterly line of said Lot 37, a distance of 44.25 feet; thence South 89°30'11" West perpendicular to said easterly line, a distance of 4.00 feet; thence North 42°48'41" West, a distance of 44.91 feet; then North 00°33'45" West perpendicular to the northerly line of said Lot 37, a distance of 11.00 feet to said northerly line; thence North 89°26'15" East along said northerly line, a distance of 34.25 feet to the **POINT OF BEGINNING**.

Containing 1,012 square feet, more or less.

See Exhibit "B" for plat depicting the above described land.

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyor's Act.

Signature



William G. Hoff, PLS 6685

License Expires 06/30/2014

Date

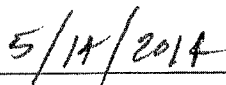
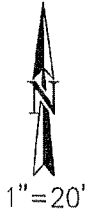
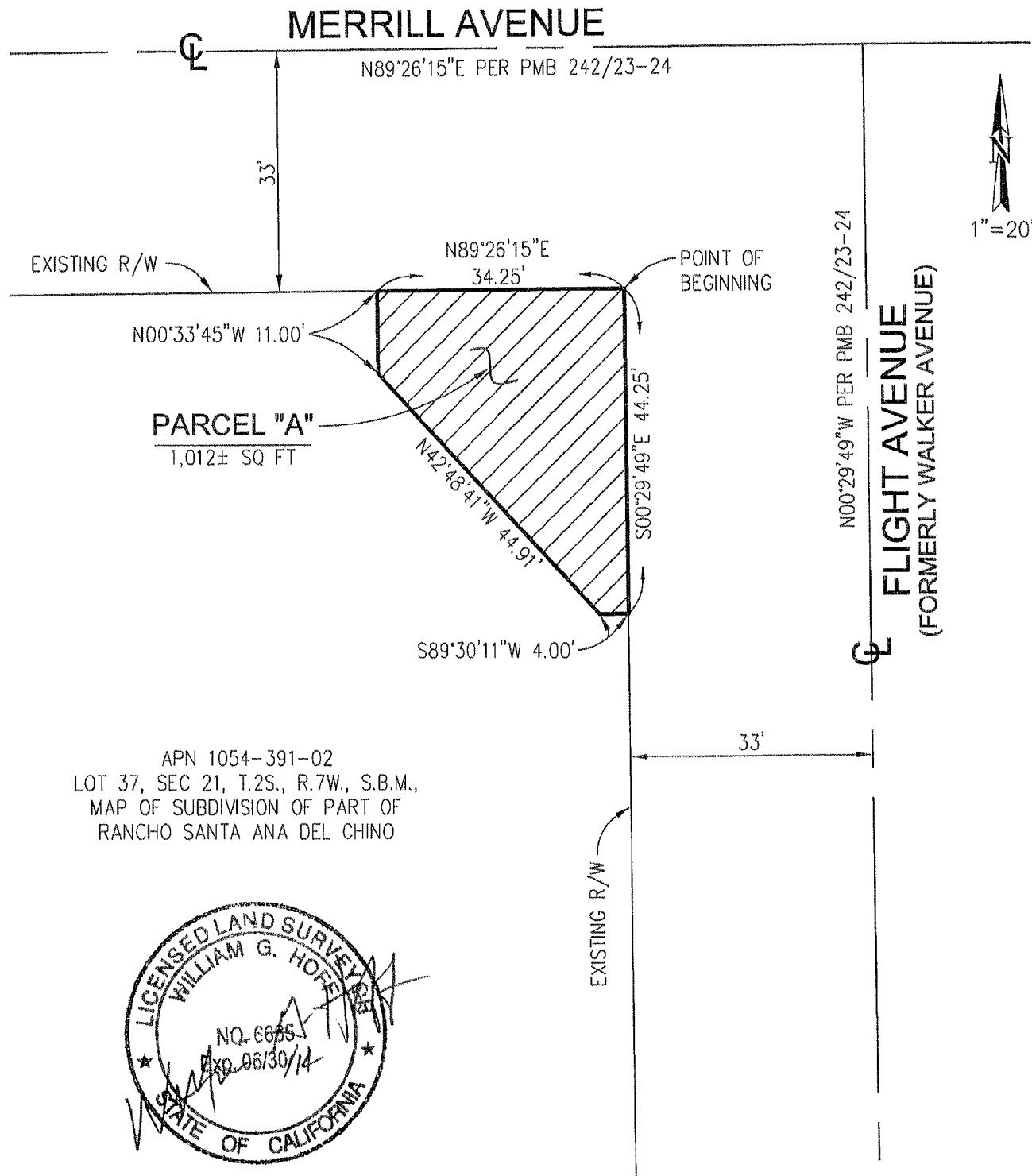
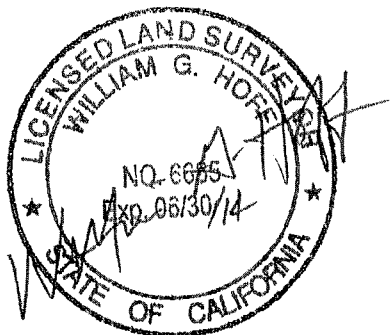


EXHIBIT "B"

SHEET 1 OF 1



APN 1054-391-02
 LOT 37, SEC 21, T.2S., R.7W., S.B.M.,
 MAP OF SUBDIVISION OF PART OF
 RANCHO SANTA ANA DEL CHINO



Hall & Foreman, Inc.

Engineering • Planning • Surveying

14297 CAJON ST, SUITE 101 • VICTORVILLE, CA 92392 • 760-524-9100

Job Number:	080357
Date:	05/14/2014
Sheet 1 of	1 Sheets

Lease: J & D Star Dairy

COPY



County of San Bernardino

FAS

STANDARD CONTRACT

FOR COUNTY USE ONLY

<input checked="" type="checkbox"/> New	FAS Vendor Code		SC	Dept. RNT	A	Contract Number 14-30	
<input type="checkbox"/> Change						ePro Contract Number	
<input type="checkbox"/> Cancel						Contractor's License No.	
ePro Vendor Number							
County Department Real Estate Services				Dept. RNT	Orgn. WIDY		
County Department Contract Representative David H. Slaughter, Director				Telephone (909)387-5252		Total Contract Amount \$228,600	
Contract Type <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input type="checkbox"/> Other:							
If not encumbered or revenue contract type, provide reason:							
Commodity Code 96164		Contract Start Date 9/1/2013		Contract End Date 8/31/16		Original Amount \$228,600	
Fund AAA		Dept. RNT	Organization WIDY	Appr. 200	Obj/Rev Source 8525	GRC/PROJ/JOB No. 88003260	Amount \$
Fund		Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Fund		Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Project Name Chino-County-owned Dairy- 8315 Merrill Ave.- J & D Star Dairy				Estimated Payment Total by Fiscal Year			
				FY	Amount	I/D	

THIS CONTRACT is entered into in the State of California by and between the County of San Bernardino, hereinafter called the County, and

Name

Geoffrey and Darlene Vanden Heuvel

hereinafter called TENANT

Address

8315 Merrill Ave.

Chino, CA. 991710

Telephone

(909) 597 - 1128

Federal ID No. or Social Security No.

IT IS HEREBY AGREED AS FOLLOWS:

(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)

This lease is for three years commencing September 1, 2013. Premises consist of a 74.57 acre County-owned dairy farm land including dairy operator single family residence, dairy barn, and associated structures and associated dairy equipment located at 8315 Merrill Avenue in the City of Chino. County will receive revenue at a monthly fixed rent rate of \$6,350 during the term of the agreement.

Controller/Treasurer Tax Collector Use Only

Contract Database <input type="checkbox"/> FAS	
Input Date	Keyed By

LEASE AGREEMENT

1. **PARTIES.** It is hereby agreed by the County of San Bernardino, hereinafter referred to as **COUNTY**, and Geoffrey and Darlene Vanden Heuvel dba J & D Star Dairy hereinafter jointly and severally referred to as **TENANT**, as follows:

2. **PREMISES.** For and in consideration of the mutual covenants, conditions, and obligations herein contained and to be kept and performed by the respective parties hereto, **COUNTY**, as landlord, does hereby lease and let unto **TENANT**, as tenant, and **TENANT**, does hereby hire and take, in the condition existing at the inception of this Lease, the following described property ("premises"):

Land: A dairy approximately seventy-four point five seven (74.57) acres identified by reference to Assessor's Parcel Numbers 1054-391-02 and 03, as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All real property leased is subject to all reservations, restrictions, easements and rights-of-way of record now and in the future.

Improvements: One 2,440 square foot single-family residence, machinery, equipment: structures, fixtures, fencing, appurtenances as more specifically and particularly described in Exhibit "B" attached hereto and incorporated herein by reference.

3. **TERM.** This Lease shall commence on September 01, 2013 and shall continue thereafter for a period of three (3) years ending on August 31, 2016 ("Initial Term").

4. **RENT.** **TENANT** shall pay as rental for use of property the sum of Two Hundred Twenty-Eight Thousand Six Hundred and 00/100 Dollars (\$228,600) in accordance with the following schedule: Six Thousand Three Hundred Fifty and 00/100 Dollars (\$6,350) in advance of the first day of each month during the three-year term. Said payments shall be made payable to County of San Bernardino, and delivered via United States First Class Mail to Real Estate Services Department, 385 North Arrowhead Avenue, San Bernardino, California 92415-0180. Monthly rent will not be prorated or refunded if this Lease is terminated by **TENANT** either voluntarily or by breach of the covenants and conditions contained herein.

5. **LATE PAYMENT.** **TENANT** acknowledges that late payment by **TENANT** to **COUNTY** of rent will cause **COUNTY** to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing, accounting, and interest charges. Therefore, if any installment of rent is not received by the tenth day after the due date, **TENANT** shall pay to **COUNTY** an additional Two Hundred and 00/100 Dollars (\$200.00) each as an administrative processing charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that **COUNTY** will incur by reason of late payment by **TENANT**. Rent not paid when due shall bear simple interest from the due date until paid at the rate of one half of one percent (.005%) per day.

6. **SECURITY DEPOSIT.** Upon execution of this Lease by the **COUNTY** and upon occupancy by the **TENANT**, **TENANT** and **COUNTY** acknowledge and agree that **COUNTY** presently is in receipt of a cash security deposit of Fifteen Thousand No/100 Dollars (\$15,000.00) as security for the faithful performance by **TENANT** of the terms of this Agreement. Said security deposit may be used by **COUNTY** for any lawful purpose including, but not limited to, the compensation of **COUNTY** for **TENANT**'s default in the payment of rent, the repair of damages to the leased premises caused by **TENANT**, **COUNTY**'s discharge of **TENANT**'s repair and/or maintenance obligations. If used toward rent, repair, maintenance, or damages during the term of tenancy, **TENANT** agrees to reinstate said total security deposit upon five (5) days written notice delivered to **TENANT** in person or by mail. If used toward repair, maintenance, or damages during the term of tenancy, actual costs plus a

twenty percent (20%) Management Overhead Fee will be utilized by COUNTY in COUNTY's discharge of TENANT's obligations. COUNTY may maintain the security deposit separate and apart from COUNTY's rent revenue account or may commingle the security deposit with COUNTY's rent revenue funds. COUNTY shall not be required to pay TENANT interest on security deposit. Payment of said security shall not in any manner affect TENANT's obligation to timely pay in full any rent due pursuant to this Agreement including timely payment of the last months' rent. Payment of said security deposit shall not affect TENANT's obligations relative to any other provision of this Lease. Upon expiration of this Lease, COUNTY shall refund said security deposit to TENANT minus any outstanding obligations of TENANT due COUNTY at the time.

7. **RESERVED**

8. **LIENS.** TENANT agrees to keep the premises free and clear of all liens or claims of lien for all labor, machinery, equipment, materials, feed, services, supplies, animals, or any other items supplied or furnished at the request of the TENANT and used or consumed in connection with any operation on or off the premises by the TENANT. Should COUNTY desire to post notice of non-responsibility upon the property, TENANT agrees to allow the same to be posted and to keep said notices posted thereon, all in accordance with the requirements of the laws of the State of California.

9. **PURPOSE OF LEASE.** COUNTY leases the premises to TENANT for the sole purpose of dairy operations for the production of Grade A milk, including raising of dairy heifers and limited farming operations. Neither the premises nor any portion thereof shall be used for any other purpose by TENANT without the prior written consent of COUNTY.

A. The total number of lactating cows housed upon the premises by TENANT shall not exceed one thousand (1,000) head or the maximum number of animals allowed by any law, rule, or regulation applicable to or governing the lease authorized operations conducted by TENANT upon the premises, whichever number of total animal units is less.

10. **ABANDONMENT OF PREMISES.** This Lease shall be considered terminated with or without notice if the Premises is abandoned by TENANT prior to the expiration of the term. The parties agree that abandonment shall occur when TENANT ceases to reside on and oversee operations of the Premises. In the event of abandonment by TENANT, lease fees will not be refunded or prorated. In the event of abandonment by TENANT, this Agreement shall be considered terminated and COUNTY reserves the right to lease the Premises to another party. In the event of abandonment by TENANT, full payment of lease fees by TENANT to COUNTY for the balance of the term shall be due and payable upon demand by COUNTY.

11. **INDEMNIFICATION OF COUNTY.** The TENANT agrees to indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless the COUNTY and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of this contract from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by the COUNTY on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnities. The TENANT's indemnification obligation applies to the COUNTY's "active" as well as "passive" negligence but does not apply to the COUNTY's "sole negligence" or "willful misconduct" within the meaning of Civic Code Section 2782.

12. **NON-LIABILITY.** In addition to TENANT's duties and obligations as provided in Paragraph 11, TENANT further covenants and agrees that the COUNTY shall not be responsible to TENANT or to any other persons for injury or damage that may result to persons or property by reason of the use of the Premises by TENANT or by reason of any latent or patent defect in the construction or condition, or any future lack of repair to

said Premises. TENANT, as a material part of the consideration to be rendered to COUNTY, hereby also waives all claims against COUNTY for damage to goods, feed or livestock and for injuries to anyone in or about said Premises, from any cause arising at any time.

13. INSURANCE REQUIREMENTS.

A. Without in anyway affecting the indemnity herein provided and in addition thereto, TENANT shall secure and maintain throughout the lease the following types of insurance with limits as shown.

(1) COMMERCIAL PROPERTY INSURANCE- Providing all risk coverage for the leased premises, buildings, fixtures, equipment and all improvements constituting a part of the Premises against loss or damage by fire, water, lightning, extended coverage, vandalism, malicious mischief in an amount equal to 100% of the replacement value of the Premises or,

(2) FIRE INSURANCE- Standard fire and extended peril coverage insurance adequate to cover tenant's personal property and improvement locate on the lease premises, and:

(3) FIRE LEGAL LIABILITY INSURANCE- Adequate to cover the full replacement cost value of the County's structures and property.

(4) COMPREHENSIVE GENERAL LIABILITY INSURANCE endorsed with Livestock Liability, Premises Operations Liability, Contractual Liability with a combined single limit of not less than One Million and 00/100 Dollars (\$1,000,000.00) per occurrence. The policy coverage shall include:

- (a) Premises operations and mobile equipment.
- (b) Products and completed operations.
- (c) Broad form property damage (including completed operations).
- (d) Personal injury
- (e) Contractual liability.
- (f) \$2,000,000 general aggregate limit.

(5) COMPREHENSIVE AUTO, TRUCK, AND EQUIPMENT LIABILITY INSURANCE endorsed for all owned, hired, and non-owned vehicles and equipment with a combined single limits of at least One Million and 00/100 Dollars (\$1,000,000.00) per occurrence;

(6) WORKERS COMPENSATION INSURANCE: A program of workers' compensation insurance or a state-approved self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability Insurance with Two Hundred Fifty Thousand and 00/100 Dollars (250,000.00) limits, covering all persons providing services on behalf of TENANT and all risks to such persons under this Agreement.

B. Additional Named Insured - All policies, except for Worker's Compensation, shall contain additional endorsements naming COUNTY and its officers, employees, agents and volunteers as additional named insureds with respect to liabilities arising out of the performance of services hereunder.

C. Waiver of Subrogation Rights - TENANT shall require the carriers of the above required coverages to waive all rights of subrogation against COUNTY, its officers, employees, agents, volunteers, contractors and subcontractors.

D. Policies Primary and Non-Contributory - All policies required above are to be primary and noncontributory with any insurance or self-insurance programs carried or administered by COUNTY or COUNTY's agents.

E. Proof of Coverage - TENANT shall immediately furnish certificates of insurance to COUNTY's agent evidencing the insurance coverage, including endorsements, above required prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to COUNTY's agent, and TENANT shall maintain such insurance from the time TENANT commences performance of services hereunder until the completion of such services. Within sixty (60) days of the commencement of this Lease, TENANT shall furnish certified copies of the policies and all endorsements.

F. Insurance Review - The above insurance requirements are subject to periodic review by COUNTY. COUNTY's Risk Manager is authorized to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against COUNTY, inflation, or any other item reasonably related to COUNTY's risk. Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Lease. TENANT agrees to execute any such amendment within thirty (30) days of receipt.

G. Failure to Have Insurance - In the event COUNTY receives a notice of cancellation concerning any of the required policies, or should TENANT fail to have in effect the required coverage at any time during this Lease, COUNTY may give notice to TENANT to immediately suspend all TENANT activities and/or notice to reinstate or acquire the affected coverage. Should TENANT fail to reinstate or acquire the affected coverage within ten (10) days of COUNTY's notice to reinstate or acquire coverage, COUNTY may either terminate this Lease, reinstate or acquire affected coverage, and TENANT shall reimburse COUNTY for the necessary cost at COUNTY's option. If TENANT does not reimburse COUNTY within ten (10) days after demand by COUNTY, COUNTY shall have the right to withhold from future amounts due under this Lease or otherwise due to TENANT the sum COUNTY has expended until COUNTY is reimbursed in full.

H. COUNTY shall have no liability for any premiums charged for such coverage(s). The inclusion of COUNTY as additional named insured is not intended to and shall not make it a partner or joint venture with TENANT in TENANT's operations.

I. Severability of Interests -- The TENANT agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the TENANT and the COUNTY or between the COUNTY and any other insured or additional insured under the policy.

14. **TAXES, ASSESSMENTS AND LICENSES.** TENANT shall pay before delinquency any and all taxes, assessments, and licenses/permit fees due or levied upon or against any livestock, property, fixtures, improvements, or equipment placed upon the premises resulting from TENANT's occupancy or operations.

15. **POSSESSORY INTEREST TAXES.** TENANT recognizes and understands that this Lease will create a possessory interest subject to property taxation and TENANT is subject to the payment of property taxes levied on such interest. COUNTY agrees to allow a credit in the rental payment equal to the amount of any possessory interest tax. TENANT agrees to promptly give COUNTY notice of and a copy of any tax bill for possessory interest tax.

16. **WASTE WATER MANAGEMENT.** The parties hereto acknowledge that the Regional Water Quality Control Board requires an Engineered Waste Management Plan (EWMP) on the premises including improvements specified in said Plan; the Regional Water Quality Control Board requires the **TENANT** to obtain a permit. The parties hereto acknowledge that the Regional Water Quality Control Board on April 14, 2003 accepted the EWMP dated February 7, 2003 prepared by Nolte Engineering Associates; said EWMP relative to premises operations was Certified as in compliance on September 15, 2003. **TENANT** hereby agrees, at the sole expense of **TENANT**, to maintain the waste and storm water improvements specified in the EWMP and to abide by all current and future requirements of the Regional Water Quality Control Board for dairy operations within the Santa Ana region. Nothing in this provision shall relieve **TENANT** from **TENANT**'s responsibility of proper control of storm and waste water based on premises systems in place at the inception of this Lease Agreement.

17. **MAINTENANCE OF PREMISES.**

A. **TENANT's obligation.** **TENANT** agrees to maintain the premises in a neat, clean, sanitary, orderly, and operational condition and not allow the use of said premises for any unlawful purposes. Maintenance, repair, and preventative maintenance by **TENANT** includes all constructed facilities, pumping equipment, piping, fuel tank systems, motors, gages, electrical systems, fixtures, milking equipment, waste water systems, corral water systems, machinery, stanchions, gates, fencing, landscaping, irrigation systems, water distribution piping, and open ground including easements. **TENANT** shall refrain from willingly or wantonly destroying, defacing, damaging, impairing, or removing any part of the premises including facilities, landscaping, equipment, or appurtenances, or permitting any person on the premises to commit such acts. Any and all damage to the premises whether intentional or accidental shall be repaired or corrected by **TENANT** at the sole cost of **TENANT** to the satisfaction of **COUNTY**. **TENANT** shall dispose of all rubbish, trash, garbage, livestock feces, and other waste in a clean and sanitary manner and in accordance with any applicable law, ordinance, or regulation.

(1) **Manure and dirt filling:** **COUNTY** has delivered the premises corrals in a level and scraped condition free of manure. **TENANT** hereby agrees that it will, at the sole expense of **TENANT**, maintain said corrals in a level condition and filled with dirt to a height equal to the level as delivered to it on date of possession. It is further understood and agreed that **TENANT** shall remove all manure from the premises a minimum of twice a year during the term of this agreement; **TENANT** shall scrape, level, and dirt fill all corrals a minimum of once a year and upon expiration of this Lease. **TENANT** shall dredge or by other means, remove solids from deep lagoon a minimum of once a year prior to November 1st of each year.

B. **COUNTY's obligation.** **COUNTY** agrees to maintain, repair and correct the failure of any subsurface (below ground) septic system, the two water well below ground systems, residential roof, and residential heating and air conditioning system unless the cause of such failure is due to negligence of **TENANT**. **COUNTY** agrees to maintain lawn area of the residence only.

18. **INITIAL REPAIR AND CONDITION OF PREMISES.** **TENANT** understands that there will be periodic Dairy Farm Inspection Reports issued by **COUNTY** or State Dairy Inspection Officials. **TENANT** agrees to and is obligated to make all repairs and corrections in accordance with said Dairy Farm Inspection Reports at the sole expense of **TENANT**. Said repairs and corrections shall be made by **TENANT** to the satisfaction of **COUNTY** or State dairy inspector. County warrants that the dairy shall be delivered to **TENANT** in a condition rated as "Class A" as determined by State Dairy Inspection Officials.

TENANT has fully examined and inspected the premises and every part thereof. **TENANT** agrees to lease the premises "AS IS" and "WITH ALL FAULTS" and acknowledges that the same are in good, clean, operational working order, condition and repair, unless noted to the contrary on Exhibit C of this Agreement; **TENANT** and **COUNTY** shall acknowledge Exhibit C within thirty (30) days of the payment of the first months' rent. **COUNTY**

shall correct at its sole cost those only deficiencies required by the State Dairy Inspection Officials to obtain a Class "A" rating as noted on Exhibit "C".

COUNTY makes no warranty of any nature, whatsoever, whether expressed, implied in fact, or implied in law relating to the fitness or suitability of the premises or any part thereof for any purpose or use intended by or permitted by the parties to this Agreement.

19. **MAJOR DESTRUCTION.** Should major portions of the premises be destroyed by fire, earthquake, or acts of God so that the premises cannot reasonably be utilized for its intended purpose, this Lease, at the option of **COUNTY**, may be terminated. In the event of termination due to major destruction through no-fault or negligence of **TENANT**, **COUNTY** will prorate rent paid by **TENANT** and refund that portion of prepaid rent which would be applicable to the post-termination period. In the event of termination due to major destruction, **COUNTY** will refund the unused balance of the security deposit referred to in paragraph six (6) of this Agreement. It is expressly agreed by the parties that any destruction which shall prevent safe living conditions for humans or livestock shall be deemed major destruction within the context and meaning of this paragraph.

20. **GENERAL COVENANTS AND AGREEMENTS.**

A. **TENANT** agrees not to use the premises or any part thereof for any purpose which causes injury to any neighboring property, nor for any purpose in violation of laws or ordinances. **TENANT** shall make no use of the premises which will constitute a nuisance;

B. **TENANT** may not disturb, annoy, endanger, or interfere with occupants or operations or neighboring properties;

C. In the event the premises is used for any purpose which constitutes a nuisance, this Lease may be terminated by **COUNTY** immediately upon written notice unless **TENANT** shall abate such nuisance within five (5) **COUNTY** working days after **COUNTY** has served upon **TENANT** written notice requiring such abatement;

D. **TENANT** agrees to make reasonable efforts to prevent trespassers from entering the premises.

21. **SPECIAL COVENANTS AND AGREEMENTS.**

A. **COUNTY** and **COUNTY's** designated agents reserve the right to enter, occupy, and use the premises at any time for purposes including but not limited to improving the utility or image of the premises, placing owner and/or program identification signage, conducting soils test, surveying, environmental studies, appraisals, and to conduct such other developmental work as may be desired by **COUNTY**. Said right to enter, occupy, and use the premises shall require reasonable notice of not less than twenty-four (24) hours from **COUNTY** to **TENANT**. **COUNTY**, in any event, shall be entitled to inspect the premises at any time by giving **TENANT** not less than twenty-four (24) hours advance notice. In case of emergency or **TENANT's** abandonment or surrender of the property, **COUNTY** or its agent may enter the premises at any time without securing **TENANT's** prior permission;

B. **TENANT** shall not construct or demolish any structure on the premises without prior written consent of **COUNTY**;

C. Upon the acceptance or the possession and occupancy of the premises by **TENANT**, the same shall conclusively be deemed to be fit and proper for the purposes for which the same is hereby let and to be used;

D. Upon termination of this Lease and the faithful performance of each and all of the covenants thereof, **TENANT** shall have the right to remove from the premises any and all personal property owned by **TENANT** including rolling stock. Improvements, equipment and machinery replacements made by **TENANT** to the premises during the term of the Lease shall become the property of **COUNTY** and shall not be removed by **TENANT** upon termination of this Lease. If **TENANT** does not remove personal property within ninety-six (96) hours of said termination, then said property, at the option of **COUNTY**, shall become the property of **COUNTY**. Any such personal property which **COUNTY** does not elect to become **COUNTY** property may be removed, stored and sold by **COUNTY** at **TENANT**'s expense;

E. **TENANT** shall not make any alterations to the premises without prior written consent of **COUNTY**.

22. **COUNTY'S ENTRY ONTO PROPERTY.** In addition to the right of entry in paragraph 19A, above, on not less than twenty-four (24) hours advance notice, **TENANT** must make the property available and accessible, at a time reasonably acceptable to **TENANT** during normal business hours, for entry by **COUNTY** or its agents for the purpose of:

A. Making desired or agreed upon repairs, alterations, or improvements;

B. Supplying necessary or agreed upon services;

C. Showing the property to prospective purchasers or future tenants, workers, service providers, or contractors.

23. **COMPLIANCE WITH LAWS.** **TENANT** shall faithfully observe and obey all laws, ordinances, rules, and regulations made by public authorities and the legislative bodies of the State of California, County of San Bernardino, the United States of America, or by any other governmental body having jurisdiction over the same. **TENANT** shall comply with all ordinances, laws, rules, regulations, now and hereafter made affecting their operations on the premises.

24. **COUNTY'S AGENT.** The Real Estate Services Department serves as the authorized agent of **COUNTY**. The same agent is authorized to manage and cause the enforcement of the terms of this Lease. In all matters including payments due to **COUNTY** by **TENANT**, **TENANT** shall transact all business associated with this Lease through **COUNTY**'s agent. If any dispute or misunderstanding should arise between **COUNTY**'s agent and **TENANT**, **COUNTY**'s attorney (County Counsel) shall be notified in writing to seek resolution on behalf of **COUNTY**.

25. **UTILITIES.** **TENANT** hereby covenants and agrees to promptly pay for all utilities and related taxes, including but not limited to electricity, gas, and water services to and upon the premises.

26. **ASSIGNMENT AND SUBLETTING.** **TENANT** shall neither assign nor sublet nor hypothecate this Lease or any interest herein.

27. **SUCCESSORS.** This Lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the parties hereto.

28. **RELOCATION ASSISTANCE.** Upon termination, **TENANT** shall not be entitled to any relocation assistance. Execution of this Lease is voluntary on the part of **TENANT** and termination by any provision of this Lease agreement shall not be construed as a "taking" by **COUNTY**.

29. **NON-WAIVER.** The failure or omission of **COUNTY** to terminate this Lease for any breach of the terms, covenants, or conditions shall not be deemed to be a consent by **COUNTY** to such or any subsequent breach or a waiver of any of the rights of **COUNTY** hereunder and shall in no manner thereafter stop or prevent **COUNTY** from terminating this Lease for any subsequent breach of any term, covenant, or condition hereof. Waiver by either party of a breach of any covenant of this Lease agreement will not be construed to be a continuing waiver of any subsequent breach. **COUNTY's** receipt of lease fees does not waive its right to enforce any covenant of this Lease agreement. No waiver by either party of a provision of this Lease agreement will be considered to have been made unless expressed in writing and signed by all parties.

30. **BREACH OF COVENANTS AND CONDITIONS.** All provisions, whether covenants or conditions, on the part of either party, shall be deemed to be both covenants and conditions.

A. Covenants and conditions are material and reasonable. The parties consider each and every term, condition, covenant, and provision of this Lease agreement to be material and reasonable;

B. Breach, Service of Notice. For any breach of any covenant or condition of this Lease agreement, **COUNTY** and/or its agent may, at its option, serve three days' notice (1) specifying the nature of this breach and (2) demanding that **TENANT** cure the breach if it can be cured. The notice may further declare that, if **TENANT** fails to cure a curable breach within the three **COUNTY** Business Day period or if the breach is not curable, the Lease is terminated and **TENANT** forfeits all rights under this Lease agreement;

31. **HOLDING OVER.** In the event that the **TENANT** shall willfully hold over and continue to occupy the Premises after the expiration of the Lease, or on termination of the Lease, the **TENANT's** tenancy shall be deemed to be a tenancy from month-to-month upon the same terms and conditions, as existed and prevailed at the time of the expiration, except that rent shall during the period of the holdover be increased to one hundred fifty percent (150% of the monthly rent payable immediately prior to termination of this Lease.

32. **HEADINGS OR CAPTIONS.** The paragraph or captions in this Lease are for convenience only and shall not be construed in any way to affect the meaning of the clause or provision they identify.

33. **DEFINITION.** In this Lease, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

34. **SEVERANCE.** If any provision of this Lease is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. It is the intention of the parties hereto that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

35. **NOTICES.** Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party, including but not limited to, notices required under the California unlawful detainer statutes, or any other person, shall be in writing and either served personally or sent by prepaid, first-class mail. Any such notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated two (2) **COUNTY** working days from the time of mailing as provided in this paragraph.

COUNTY: County of San Bernardino
Real Estate Services Department
825 E. Third Street
San Bernardino, CA. 92415-0832

TENANT: Geoffrey and Darlene Vanden Heuvel
J & D Star Dairy
8315 Merrill Avenue
Chino, CA 91710

36. **TIME IS OF THE ESSENCE.** Except as otherwise specifically provided, time is of the essence of each provision of this Lease which specifies a time within which performance is to occur. In the absence of any specified time for performance, performance may be made within a reasonable time.

37. **ENTIRE AGREEMENT.** This Agreement supersedes any and all other agreements, either oral or written, between the parties with respect to the subject matter herein. Each party to this Agreement acknowledges that no representations by any party which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid and binding. Any modification of this Agreement will be effective only if it is in writing and signed by the parties.

38. **CONSENT.** Whenever consent or approval of either party is required, that party shall not unreasonably withhold such consent or approval.

39. **RIGHT OF EARLY TERMINATION.** COUNTY or TENANT has the right to terminate this agreement at any time by giving written notice to the other party. Said termination shall be effective not less than six months from the date the Notice is delivered to the other party.

40. **EXHIBITS.** All exhibits referred to are attached to this Lease and incorporated by reference.

41. **LAW.** This Lease shall be construed and interpreted in accordance with the laws of the State of California.

42. **ATTORNEY'S FEES AND COSTS.** If any legal action is instituted to enforce or declare any party's rights hereunder, each party, regardless of which party is the prevailing party, must bear its own costs and attorneys' fees. This paragraph shall not apply to those costs and attorneys fees directly arising from any third party legal action against a party hereto and payable under **Paragraph 10, INDEMNIFICATION OF COUNTY.**

43. **VENUE.** The parties acknowledge and agree that this Lease was entered into and intended to be performed in San Bernardino County, California. The parties agree that the venue for any action or claim brought by any party to this Lease will be San Bernardino County. Each party hereby waives any law or rule of court which would allow them to request or demand a change of venue. If any action or claim concerning this Lease is brought by any third party, the parties hereto agree to use their best efforts to obtain a change of venue to the Central District of San Bernardino County.

44. **SURVIVAL.** The obligation of the parties, which by their nature continue beyond the term of this Lease, will survive the termination of this Lease.

45. **USE OF AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 FUNDS AND REQUIREMENTS:** This Contract may be funded in whole or in part with funds provided by the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law on February 17, 2009. Section 1605 of ARRA

prohibits the use of recovery funds for a project for the construction, alteration, maintenance or repair of a public building or public work (both as defined in 2 CFR 176.140) unless all of the iron, steel and manufactured goods (as defined in 2 CFR 176.140) used in the project are produced in the United States. A waiver is available under three limited circumstances: (i) Iron, steel or relevant manufactured goods are not produced in the United States in sufficient and reasonable quantities and of a satisfactory quality; (ii) Inclusion of iron, steel or manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent; or (iii) Applying the domestic preference would be inconsistent with the public interest. This is referred to as the "Buy American" requirement. Request for a waiver must be made to the County for an appropriate determination.

Section 1606 of ARRA requires that laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to ARRA shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 31). This is referred to as the "wage rate" requirement.

The above described provisions constitute notice under ARRA of the Buy American and wage rate requirements. **TENANT** must contact the County contact if it has any questions regarding the applicability or implementation of the ARRA Buy American and wage rate requirements. **TENANT** will also be required to provide detailed information regarding compliance with the Buy American requirements, expenditure of funds and wages paid to employees so that the County may fulfill any reporting requirements it has under ARRA. The information may be required as frequently as monthly or quarterly. **TENANT** agrees to fully cooperate in providing information or documents as requested by the County pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

TENANT may also be required to register in the Central Contractor Registration (CCR) database at <http://www.ccr.gov> and may be required to have its subcontractors also register in the same database. **TENANT** must contact the County with any questions regarding registration requirements.

46. **SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS:** In addition to the requirements described in "Use of ARRA Funds and Requirements," proper accounting and reporting of ARRA expenditures in single audits is required. **TENANT** agrees to separately identify the expenditures for each grant award funded under ARRA on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by the Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." This identification on the SEFA and SF-SAC shall include the Federal award number, the Catalog of Federal Domestic Assistance (CFDA) number, and amount such that separate accountability and disclosure is provided for ARRA funds by Federal award number consistent with the recipient reports required by ARRA Section 1512 (c). In addition, Contractor agrees to separately identify to each subcontractor and document at the time of sub-contract and at the time of disbursement of funds, the Federal award number, any special CFDA number assigned for ARRA purposes, and amount of ARRA funds. **TENANT** may be required to provide detailed information regarding expenditures so that the County may fulfill any reporting requirements under ARRA described in this section. The information may be required as frequently as monthly or quarterly. **TENANT** agrees to fully cooperate in providing information or documents as requested by the County pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

a. **Whistleblower Protection.** **TENANT** agrees that both it and its subcontractors shall comply with Section 1553 of the ARRA, which prohibits all non-Federal contractors, including the State, and all contractors of the State, from discharging, demoting or otherwise discriminating against an employee for disclosures by the employee that the employee reasonably believes are evidence of: (1) gross mismanagement of a

contract relating to ARRA funds; (2) a gross waste of ARRA funds; (3) a substantial and specific danger to public health or safety related to the implementation or use of ARRA funds; (4) an abuse of authority related to the implementation or use of recovery funds; or (5) a violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) awarded or issued relating to ARRA funds.

TENANT agrees that it and its subcontractors shall post notice of the rights and remedies available to employees under Section 1553 of Division A, Title XV of the ARRA.

By executing this Agreement, **TENANT** acknowledges receipt of the American Recovery and Reinvestment Act (ARRA) Funding requirements that became effective August 12, 2009, and understands and agrees to the contractual obligations stipulated herein for contracts with the County.

END OF LEASE TERMS


47. AUTHORIZED SIGNATORS.

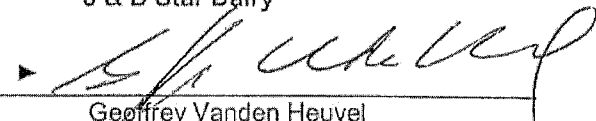
Both parties to this Lease represent that the signators executing this document are fully authorized to enter into this agreement.

In Witness thereof, the parties executed this Agreement.


COUNTY OF SAN BERNARDINO

TENANT: Geoffrey and Darlene Vanden Heuvel dba
J & D Star Dairy

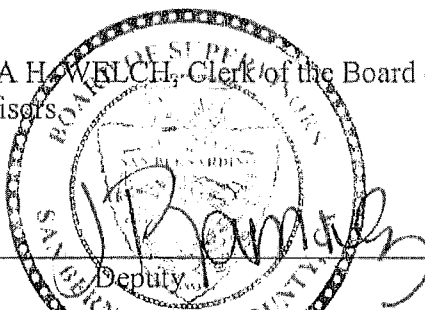
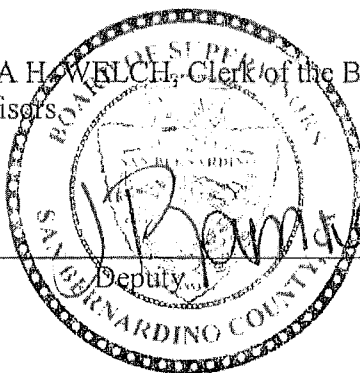
By: 
Janice Rutherford, Chair Board of Supervisors
Dated: JAN 28 2014

By: 
Geoffrey Vanden Heuvel
Date: 11/29/13

SIGNED AND CERTIFIED THAT
A COPY OF THIS DOCUMENT
HAS BEEN DELIVERED TO THE
CHAIR OF THE BOARD

By: 
Darlene Vanden Heuvel
Dated: 11/25/13

LAURA H. WELCH, Clerk of the Board of
Supervisors

By: 

Deputy

Approved as to Legal Form:

JEAN-RENE BASLE, County Counsel
San Bernardino County, California


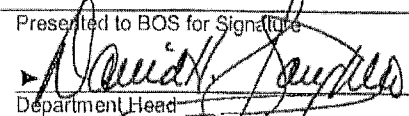
Approved as to Legal Form By: <u></u> Alan Green, Deputy County Counsel Date: <u>11/20/13</u>	Reviewed by Contract Compliance By: _____ Date: _____	Presented to BOS for Signature By: <u></u> Department Head David H. Slaughter, Director Real Estate Services Dept. Date: <u>1/17/14</u>
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EXHIBIT "A"

THE LAND REFERRED TO HEREIN IS SITUATED IN THE CITY OF CHINO,
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
AND IS DESCRIBED AS FOLLOWS:

Parcel No. 1:

The North 147.16 feet of the West 148 feet of Lot 38, in Section 21, Township 2 South, Range 7 West, according to map of Subdivision of Rancho Santa Ana Del Chino, in the County of San Bernardino, State of California, as per map recorded in Book 6, Page 15 of Maps, in the Office of the County Recorder of San Bernardino County.

Parcel No. 2:

Lots 37, 38, 43, 44, 53, 54, 59 and 60, all in Section 21, Township 2 South, Range 7 West, according to the map of Subdivision of Rancho Santa Ana Del Chino, County of San Bernardino, State of California, as per map recorded in Book 6 of Maps, Page 18, in the Office of the County Recorder of said County, less the North 147.16 feet of the West 148 feet of Lot 38, in Section 21, Township 2 South, Range 7 West, according to the map of Subdivision of Rancho Santa Ana Del Chino in the County of San Bernardino, State of California, as per map recorded in Book 6 of Maps, Page 15, in the Office of the County Recorder of San Bernardino County.

Excluding/Excepting Therefrom Above:

Residential Unit located at 8375 Merrill Avenue, including approximately .68 acres of yard area as defined by a block wall on the South and East sides: Merrill Avenue on the North side; Center of driveway on the West side

EXHIBIT "B"

Pages 1-8

DESCRIPTION OF IMPROVEMENTS

Subject property is improved as a Grade A dairy and includes substantial dairy and residential improvements. Approximately 25 acres of subject 74.57 acres is utilized for dairy improvements, including corrals. The balance of the land area is utilized for a waste water lagoon and pasture. Following is a description of the dairy and residential improvements:

RESIDENTIAL IMPROVEMENTS

The 2,440 s.f. residence at 8315 Merrill Avenue was constructed in 1975 and includes a 2-car garage and an attached utility room. The garage measures 484 s.f., while the utility room is 550 s.f. The residence has three bedrooms and 2 baths. The room count includes a living room, kitchen, dining room, & family room. Attached to the garage is a laundry room, bathroom, & game room/office. The single-story conventional style residence is constructed of a wood frame and has a stucco exterior with a covered archway. The roof is covered with composition shingles. The home is heated by a forced air unit and is cooled by central air. There is a brick fireplace in the living room and a stone fireplace in the family room. The majority of the house is carpeted. The home is considered to be in good condition with good quality construction. Situated in the back yard is a heated pool and covered patio, surrounded by a block wall and ornamental iron fencing.

DAIRY IMPROVEMENTS

Dairy Milk Barn - The barn was constructed in 1974. The double 14 herringbone milk barn is approximately 5,620 s.f.; the breezeway measures 10' x 36'. The wash and drip pens total approximately 2,800 s.f.; a Vandenberg crowd gate is at the south end of the wash pen. Barn construction is steel beam frame on concrete slab and concrete walls; roof is corrugated metal. The wash pen area contains 8 large cooling fans.

or-Controller/Treasurer Tax Collector Use Only

<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

The milk house including machine room, chiller room, office, and toilet are contained in approximately 792 s.f. of wood frame and stucco with concrete slab and interior walls. The milk house has a composition shingle roof.

Shop - Situated east of the dairy barn is a 20' x 60' shop. The metal frame has a single sliding door in the front. The 32 year old structure was measured at 1,200 s.f. and is situated on a concrete slab. The building leads to several small calf and cow pens containing 30 cow stanchions and 46 calf stanchions which are in very poor condition.

Hay Barns - Two hay barns are located along the main feed alley, and these were constructed in 1974. They were measured at 25' x 140' or 3,500 s.f. each. Both are constructed of a wooden roof frame with metal posts. The structures are covered with a metal corrugated roof and concrete slab floor.

Feed Lane - The feed lane is approximately 1,165' x 60' of concrete construction; due to age and wear, the feed lane has been patched with both asphalt and concrete and is considered in average to poor condition. An approximately 700 s.f. metal utility shed is located in the center of the feed lane near the south end.

Corrals and Stanchions - Adjacent to the feed lane, there are eight (8) main corrals with a total of 1,002 stanchions serving the eight corrals. The stanchion panels stagger both 4 and 5 hole configurations with the majority of panels on 10' post-to-post construction on raised concrete curb. The stanchions average 125 holes per corral. Corral fencing is primarily steel post and cable construction.

Cattle Shades - The north-east corral contains a relatively new shade constructed with steel posts on both outer edges the entire length of the shade. The remaining seven (7) corrals contain a continuous shade constructed in 1974 with a single steel post configuration supporting wood frame with corrugated metal roofing. Located behind the residential yard is a close-up corral with a newer heavy duty steel post shade built with wood frame and galvanized sheet roofing.

Water Troughs - There are approximately 24 water troughs on the dairy; approximately half of the water troughs are steel and the other half concrete. Automatic watering devices are installed on all water troughs. The water troughs are considered substandard in size and condition for a dairy of this size.

Perimeter Fencing - T-bar and barbed wire fencing with steel gates is utilized on the outer perimeter of the property.

Feed Tanks - One 25-ton cone-shaped feed tank is located on the east side of the milk barn and one 15-ton cone-shaped feed tank is located south of the feed lane.

Commodity Barn - Constructed in 1998, a six (6) bay commodity barn is located south of the main corrals. The barn is steel post, concrete, and wood frame construction with galvanized metal roofing. Additionally there is a 3-bay commodity bunker constructed with concrete block located south of the main commodity barn. West of the bunker is a concrete below grade "citrus pit" which is sometimes used as a loading area for a feed mixer truck.

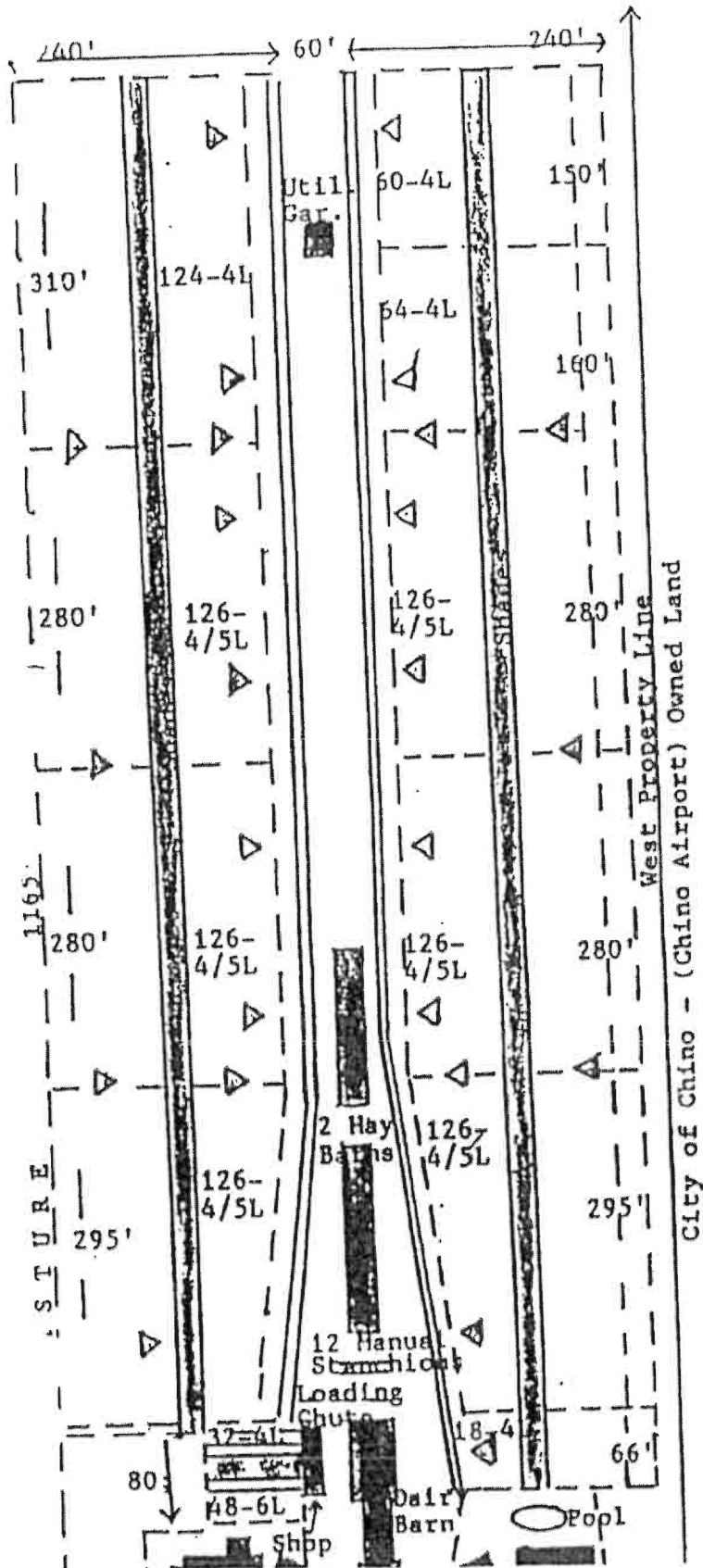
Water Wells and Tanks - An irrigation well is located in the pasture on the east side of the property; the irrigation well has a 60 h.p. above ground turbine pump and pressure bowls. The domestic well is a 20 h.p. submersible pump located on the west side of the milk barn. The domestic well is connected to a 5,000 gallon pressure tank. An approximately 7,000 gallon non-pressurized holding water tank is also located on the west side of the barn. Two (2) booster pumps (one operable) are located adjacent to the holding tank.

Waste and Storm Water Containment - Waste and storm water containment facilities located on the dairy conform to the Engineered Waste Management Plan (EWMP) prepared by Nolte Engineering Associates dated February 7, 2003 and accepted as Certified by the Regional Water Quality Control Board on September 15, 2003.

DAIRY MACHINERY AND EQUIPMENT

<u>Quantity</u>	<u>Description</u>	<u>Make or Use</u>
28	Rapid exit stalls	DSC Brisket in milk parlor
28	12 meter take-off	Westfalia Metetron 12
28	Milk claws	Westfalia 300 cc classic
112	SS shells	Westfalia
28	Pulsators	Beco Nexus (in use)
1	Nexus software	Beco (in use)
28	Pulsators	Westfalia (not in use)
28	SS hose support arm	Milk parlor
28	SS jetter assembly	Milk parlor
2	SS 3" loop pipeline	Milk parlor
2	SS 2" CIP wash line	Milk parlor
2	SS 3' milk receiver	Milk parlor
2	SS 3" bucket trap	Milk parlor
2	Milk pump	Surge
2	AC tech milk pump	Use controller
2	SS milk line butterfly	Wash valves
2	100 gallon water heater	Low recovery
2	15 h.p. refrigeration compressor	Techumsch
1	15 h.p. vac. pump	Robushi
1	Variable speed control	Pumpmaster
1	7.5 h.p. air compressor	Curtis C-79
1	15 h.p. floating pump	Waste water pond
1	16-plate cooler, SS	Cherry-Burrell
1	4,000 gal. cold wall tank	Supreme - milk house
1	SS inline filter	De Laval
1	Milk transfer pump	Thompson
1	24 hour temp recorder	Pantlow
1	165 h.p. generator	Caterpillar D-333
1	Peace keeper silencer	Sentinel Filter
1	Vacuum regulator	Sentinel 350
1	Safety pop off	Sentinel
1	Electrical panel	Zinsco 400 AMP
1	Teat spray system	RJB
1	4" pulsation line	Milk house
1	2" PVC air line	Milk house

SS = Stainless Steel

Plot Plan**LEGEND**

# of Stanchions	Locking Manual Fixed	# of Holes per 10' Section
100 -	L, M, F	6 (i.e. 100-1)
Stanchions	=====	
Fencing	-----	
Shades		
Cow water troughs		
Structures		
Property Line	=====	

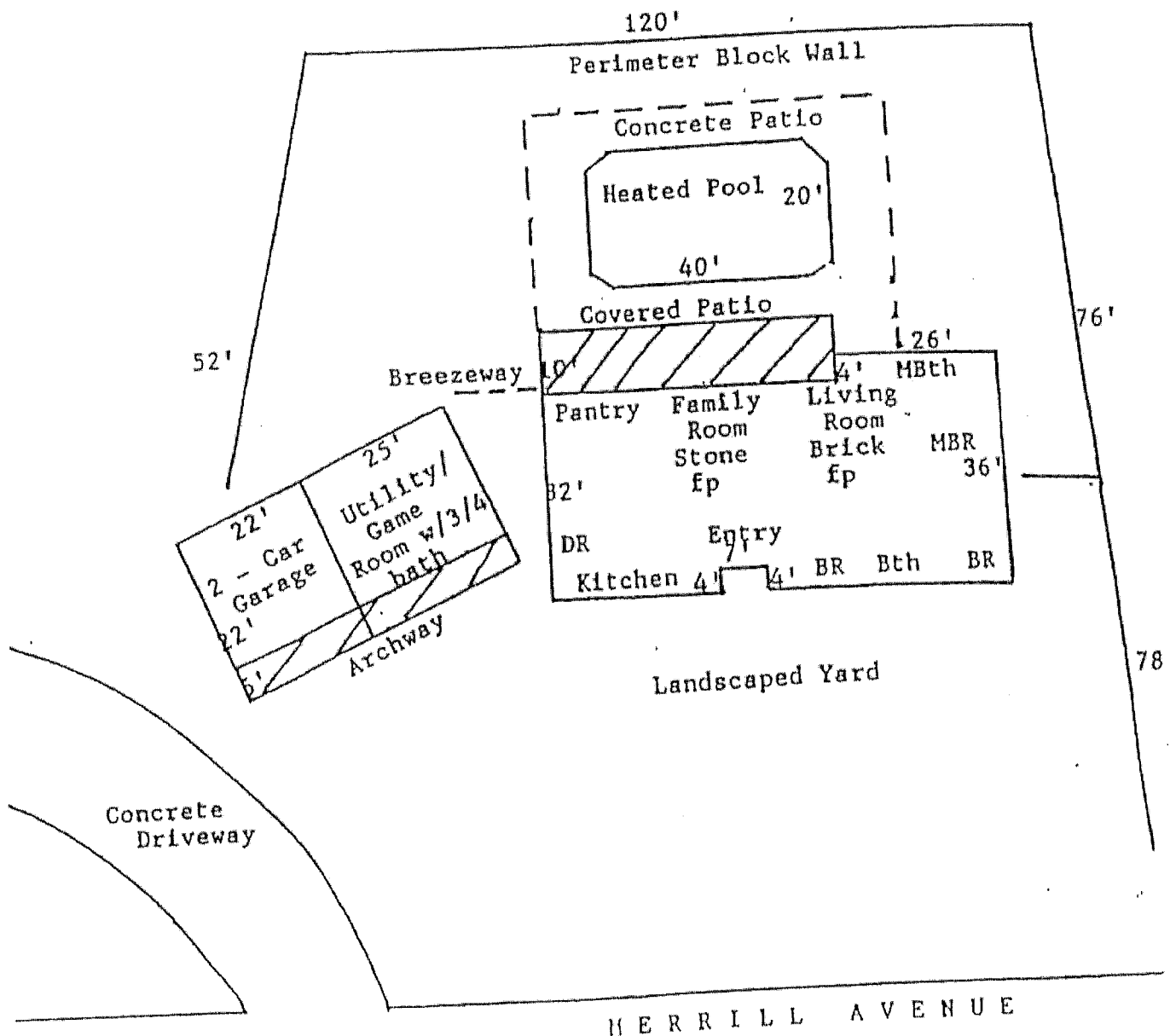
Notice: This is neither an architectural drawing nor an engineering survey. It is a sketch of reasonable accuracy, drawn from actual measurement made by the appraiser. It has been included for the express purpose of assisting the reader in visualizing the subject improvements.

*Note - a +/-400' section of shade scheduled to be repaired in the 81. It is shown on the Plot Plan "as repaired".

2nd Residence

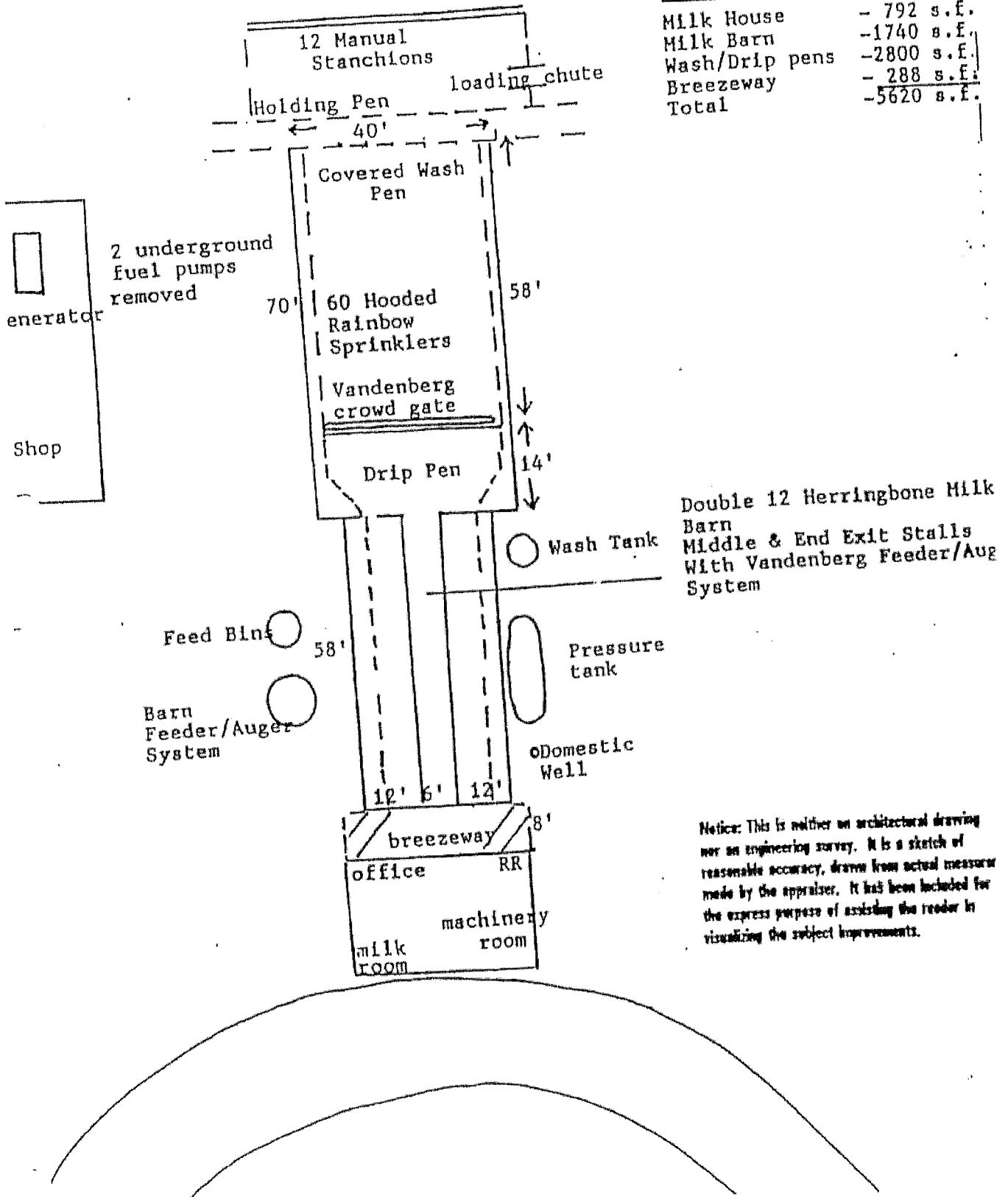
Residence Size	- 2,440 s.f.
Utility/Game Room	- 550 s.f.
2 Car Garage	- 484 s.f.
Covered Patio	- 480 s.f.
Archway	- 235 s.f.

Notice: This is neither an architectural drawing nor an engineering survey. It is a sketch of reasonable accuracy, drawn from actual measurement made by the appraiser. It has been included for the express purpose of assisting the reader in visualizing the subject improvements.

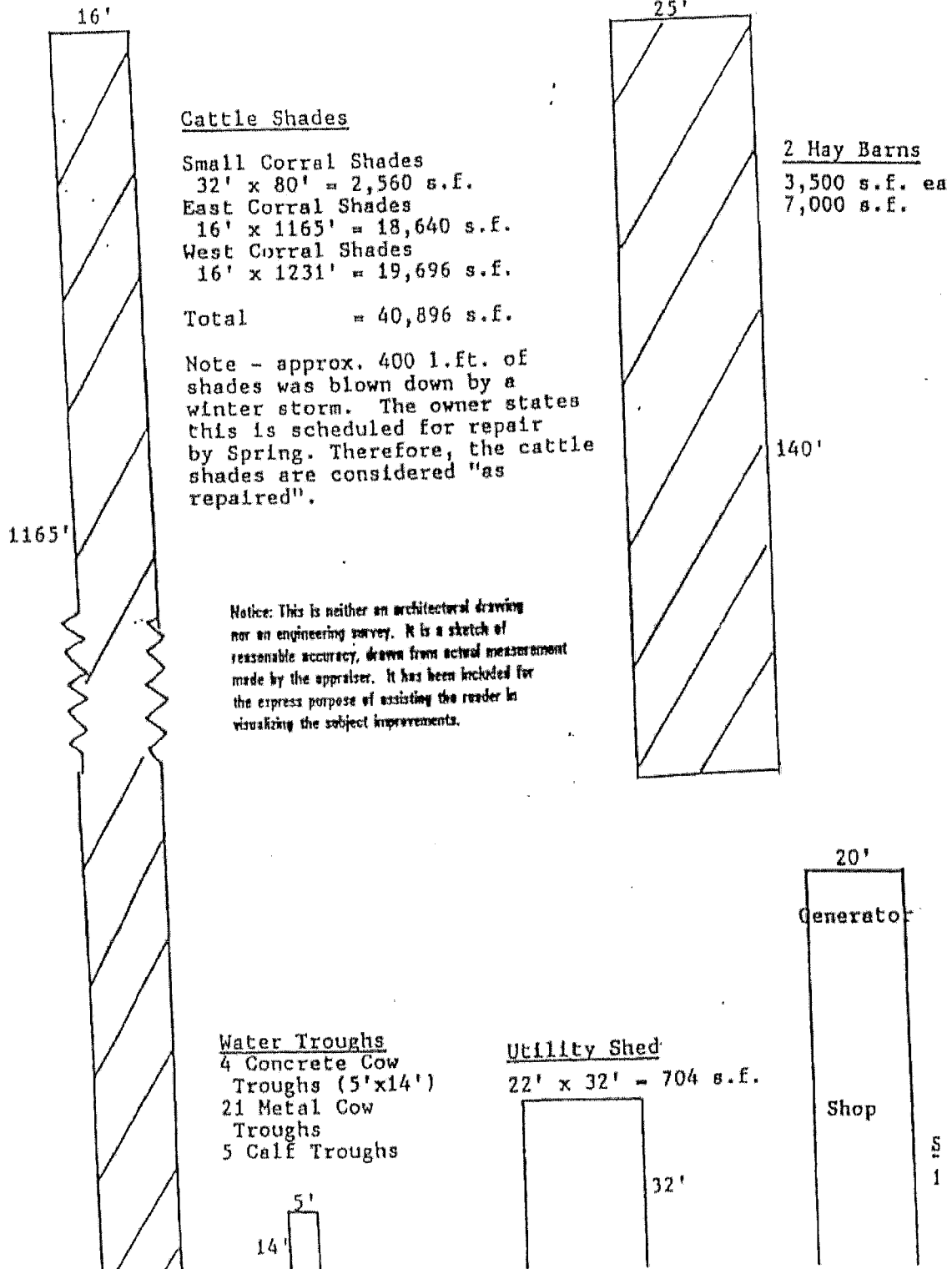


DAIRY BARN

Milk House	- 792 s.f.
Milk Barn	-1740 s.f.
Wash/Drip pens	-2800 s.f.
Breezeway	- 288 s.f.
Total	-5620 s.f.



DAIRY STRUCTURES



Auditor-Controller/Treasurer Tax Collector Use Only

<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

Draft Purchase and Sale Agreement

**PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS
FOR AUCTION SALES**

This PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS (the "Agreement") is dated as of _____ and is entered into by and between the County of San Bernardino, a body corporate and politic of the State of California ("SELLER") and _____ (BUYER).

RECITALS

A. SELLER is the owner of the fee simple interest in that certain property (APNs 1054-391-02, 03) located at 8315 Merrill Avenue in the City of Chino, California consisting of approximately 74.57 acres of land, (the "Property"), as shown on Exhibit "A", attached hereto and made a part hereof by this reference.

B. BUYER, the highest bidder, in accordance with California Government Code Section 25531, "Oral Bids", is able to acquire from the SELLER, the Property for the highest bid price of \$ _____.

C. SELLER has determined that the Property is surplus to its needs, and is authorized to sell all or a portion of the property to BUYER for the highest bid in accordance with California Government Code Sections 25526 and 25363.

D. SELLER and BUYER agree that the value set by the highest bid on the Property is \$_____.00 and BUYER agrees the purchase of the property is **AS-IS**.

NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions of this Agreement, the SELLER and BUYER hereby agree as follows:

Section 1. Recitals.

The recitals set forth above are true and correct and incorporated herein by this reference.

Section 2. Purchase and Sale of Property.

Subject to all of the terms, conditions and provisions of this Agreement and for the consideration set forth below, SELLER hereby agrees to sell, convey and transfer to BUYER and BUYER hereby agrees to acquire all of the right, title and interest of SELLER in and to the property.

The Property will be conveyed to BUYER when the Purchase Price is paid in full in accordance with this Agreement.

Section 3. Consideration.

As a condition to SELLER's performance hereunder, BUYER shall pay to SELLER total consideration in the amount of \$_____.00 ("Purchase Price") for the Property. As part of the auction for the Property, BUYER has deposited \$_____.00 (the "Deposit") with

SELLER. While held by SELLER, the Deposit shall be held in an interest-bearing account and interest accruing thereon shall be for the account of the BUYER. In the event the transaction contemplated hereby is consummated, the Deposit plus interest accrued thereon while in the possession of SELLER shall be credited against BUYER's payment obligations hereunder. The Deposit shall be subject to refund to BUYER, or retention by SELLER, on the terms and conditions of this Agreement.

Section 4. Lease

SELLER and BUYER hereby acknowledge that the Property is subject to the certain agricultural lease attached hereto as Exhibit "B" (the "Lease") with respect to certain real property described in such lease. BUYER acknowledges receipt of a copy of the Lease in the possession of the SELLER and agrees to acquire the Property subject to the Lease. SELLER shall use commercially reasonable efforts to obtain from the tenant an estoppel certificate in customary form reasonably acceptable to BUYER. SELLER and BUYER shall each execute an assignment of the Lease (the "Lease Assignment") in the form attached as Exhibit "C", (the "Lease Assignment Form").

Section 5. BUYER's Option of Opening of Escrow.

(a) All expenses incurred in the transfer of title, including but not limited to escrow, title policy, (if required by BUYER), documentary stamps and recording fees are to be paid by BUYER.

(b) If BUYER requests the transfer and sale of the property shall take place through escrow (the "Escrow"), such Escrow shall be administered by an escrow company ("Escrow Holder") of BUYER's choice. The Escrow for the Property shall be deemed open ("Opening of Escrow") upon the receipt by the Escrow Holder of a copy of this Agreement executed by SELLER and BUYER. SELLER and BUYER shall open escrow within seven (7) days after approval of this Agreement by the SELLER's Board of Supervisors.

(c) If this Agreement or Escrow is terminated by SELLER for any reason except the BUYER's default, SELLER shall be solely responsible to the Escrow Holder for payment of all customary and reasonable escrow cancellation charges to the Escrow Holder without further or separate instruction to the Escrow Holder, and the parties shall each be relieved and discharged from all further responsibility or liability under this Agreement. If this Agreement or Escrow is terminated due to BUYER's default, then BUYER shall be solely responsible for the payment of the escrow cancellation costs of the Escrow Holder without further or separate instruction, and the parties shall each be relieved and discharged from all further responsibility or liability under this Agreement.

Section 6. Due Diligence Period

As used in this Agreement, the term "Due Diligence Period" shall refer to a period of time to expire at 5:00 p.m., Pacific Time, on the date which is sixty (60) days from the approval and execution of this agreement by both BUYER and SELLER to allow the BUYER the opportunity to investigate the condition and suitability of the Property for BUYER's intended use. In the event BUYER finds the Property unsatisfactory for any reason, at its sole discretion, BUYER shall notify SELLER and Escrow Agent in writing prior to the expiration of the Due Diligence Period. Thereafter, SELLER and BUYER shall have no further obligation to each other and escrow shall be cancelled. BUYER shall pay any cancelation fees. BUYER's failure to give

written notice of termination to the SELLER on or before the expiration of the Feasibility Period shall constitute an election by BUYER to waive such termination right and proceed with this Agreement.

Section 7. Close of Escrow.

As used herein, "Close of Escrow" means and refers to the date on which the conditions set forth in this Agreement for the close of Escrow for the transfer of the Property have been satisfied, and the Deed is recorded by the Escrow Holder. The Property shall be transferred to BUYER at the Close of Escrow, provided that within the periods of time set forth in this Agreement: (i) BUYER has not terminated this Agreement, (ii) BUYER has accepted the Deed, and (iii) all other conditions of the Close of Escrow set forth in this Agreement have been met and BUYER has paid, or caused to be paid to the Escrow Holder all applicable escrow costs relating to such closing. The Close of Escrow shall occur on a date that is no later than twelve (12) months following the date of the Opening of Escrow. The parties may mutually agree to extend the Close of Escrow up to an additional six (6) months in exchange for the BUYER's one-time payment of \$300,000.00 (Three Hundred Thousand Dollars) ("Escrow Extension Fee") immediately payable and to be released to SELLER. This payment will be non-refundable and shall be applied toward the purchase price.

Section 8. Processing of Entitlements

(a) SELLER covenants and agrees that SELLER will reasonably cooperate with BUYER in connection with the processing by BUYER of the entitlements deemed necessary by BUYER for the development of the Property during escrow. SELLER acknowledges that such cooperation shall include whatever actions may be reasonably necessary or helpful to enable BUYER to process its entitlements. Such entitlements to be processed by BUYER shall include, without limitation, the processing of an amendment to the general plan covering the Property, zone change, a tentative subdivision map, a final subdivision map, an environmental impact report, associated development permits and related permits and approvals (collectively "Entitlements"). Such cooperation shall include facilitating BUYER in entering into development agreements, investigating public financing and forming special improvement districts, executing, as may be requested by the City of Chino or any other governmental agency having jurisdiction over the Property, applications, permits or approvals required for the submittal of the Entitlements and, if applicable, executing the final map, if requested by BUYER, and providing BUYER and BUYER's agents, employees and independent contractors access to the Property to perform any investigations or tests necessary for the processing of such Entitlements. The parties acknowledge that the intent of this provision is that SELLER will cooperate with BUYER and participate in such meetings if the City of Chino or other governmental agencies require the owner of the Property to be in attendance at such meetings. To the extent such attendance is required; BUYER will use reasonable efforts to provide SELLER with advance notice and to schedule such meetings at a time which is reasonably acceptable to SELLER. Upon submittal of any such applications, permits, deeds or maps to SELLER, SELLER shall, no later than seven (7) days after delivery of such documents, deliver the same to BUYER

(b) BUYER shall in good faith diligently make all reasonable efforts to obtain entitlements within the twelve (12) month period following the opening of escrow (the

"Entitlement Period"). If BUYER is not otherwise in default or in breach of this Agreement, if BUYER should fail to obtain such entitlements within the Entitlement Period by reason of the City of Chino's refusal or failure to amend its general plan, BUYER, at its option, may: 1) cancel escrow and receive a full refund of its deposit together with any accrued interest thereon, or 2) continue escrow a further six (6) month period. However, should BUYER opt to continue escrow beyond the expiration of the original Entitlement Period, and if, for any reason other than the default or breach of this Agreement by the SELLER, escrow should thereafter fail to close, the deposit, the escrow extension fee, and any accrued interest thereon shall be retained by the SELLER.

Section 9. Escrow Instructions.

In the event BUYER elects to use an Escrow for the transfer and sale of the Property, SELLER and BUYER each agree to execute and deliver to the Escrow Holder the customary supplemental written escrow instructions (consistent with the terms of this Agreement) of the Escrow Holder. In the event of a conflict between the additional terms of such customary supplemental escrow instructions of the Escrow Holder and the provisions of this Agreement, this Agreement shall supersede and be controlling. Upon any termination of this Agreement or cancellation of the Escrow, except as results from the default of SELLER, BUYER shall be solely responsible for the payment of the escrow cancellation costs of the Escrow Holder.

Section 10. Conveyance of Title.

On or before the Close of Escrow, SELLER shall deliver to the Escrow Holder the Grant Deed, in form attached hereto as Exhibit "D" (the "Deed") duly executed and acknowledged by SELLER, the Deed shall relinquish the interests of SELLER in the Property to BUYER. The Escrow Holder shall be instructed to record the Deed in the Official Records of San Bernardino County, California, if and when the Escrow Holder holds the funds for the SELLER as set forth herein and can obtain for BUYER an ALTA owner's extended coverage policy of title insurance ("Title Policy") issued by Stewart Title Company or a title company of BUYER's choice (the "Title Company") with liability in an amount equal to the Purchase Price together with such endorsements to the policy as may be reasonably requested by BUYER, insuring that fee title to the Property is vested in BUYER, free and clear of options, rights of first refusal or other purchase rights, leases or other possessory interests, lis pendens and monetary liens and/or encumbrances and subject only to:

- (a) non-delinquent real property taxes;
- (b) dedication of all streets abutting the Property;
- (c) zoning ordinances;
- (d) utility easements common to any subdivision of which Property is a part;
and
- (e) such other title exceptions, if any, resulting from documents being recorded or delivered through Escrow.

Section 11. Inspections and Review.

(a) BUYER shall accept the delivery of possession of the Property (including but not limited to, subterranean structures and soil conditions), in an **"AS IS," "WHERE IS" and "SUBJECT TO ALL FAULTS" condition**. BUYER hereby acknowledges that it has relied solely upon its own investigation of the Property and its own review of such information and documentation as it deems appropriate. BUYER is not relying on any statement or representation by SELLER, any employee, official or consultant of SELLER relating to the condition of the Property. SELLER makes no representations or warranties as to whether the Property presently complies with environmental laws or whether the Property contains any hazardous substance. Furthermore, to the extent that SELLER has provided BUYER with information relating to the condition of the Property, SELLER makes no representation or warranty with respect to the accuracy, completeness or methodology or content of such reports or information.

(b) BUYER, on behalf of itself and its successors, waives and releases SELLER and its successors and assigns from any and all costs or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, arising from or relating to any of the following matters and conditions relating to the Property which exist as of the date of the applicable Close of Escrow: the physical condition of the Property or any above ground or underground improvements thereon, the condition of the soils, the suitability of the soils for the improvement of any proposed project, or any law or regulation applicable thereto.

(c) BUYER expressly waives any rights or benefits available to it with respect to the foregoing release under any provision of applicable law which generally provides that a general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time the release is agreed to, which, if known to such creditor, would materially affect a settlement. By execution of this Agreement, BUYER acknowledges that it fully understands the foregoing, and with this understanding, nonetheless elects to and does assume all risk for claims known or unknown, described in this Section 11 without limiting the generality of the foregoing:

The undersigned acknowledges that it has been advised by legal counsel and is familiar with the provisions of California Civil Code Section 1542, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

The undersigned, being aware of this Code section, hereby expressly waives any rights it may have thereunder, as well as under any other statutes or common law principles of similar effect.

Initials of BUYER: _____

(d) The provisions of this Section 11 shall survive the Close of Escrow, and shall be binding upon BUYER.

(e) SELLER shall assist and cooperate with BUYER in endeavoring to remove title exceptions unacceptable to BUYER, but SELLER shall have no obligation to cause such objections to be removed or to expend any sums in such endeavor, except that SELLER

shall remove all monetary liens and encumbrances created by or as a result of SELLER's activities.

(f) SELLER covenants not to further encumber and not to place any further liens or encumbrances on the Property, including, but not limited to, covenants, conditions, restrictions, easements, liens, options to purchase, rights of first offer options to lease, leases, tenancies, or other possessory interests.

SELLER also covenants not to authorize others to take any action that adversely affects the physical condition of the Property or its soils to any material extent.

Section 12. Closing Costs, Possession.

(a) BUYER shall pay the premium for the ALTA extended coverage title policy, cost of the Survey and all requested ALTA survey policy endorsements, the cost of recording the Deed and any documentary or other transfer taxes payable on account of the conveyance of the Property to BUYER.

(b) BUYER shall pay 100% of the Escrow Holder's charges and fees which may be charged by the Escrow Holder in connection with the Close of Escrow.

(c) BUYER shall be entitled to exclusive possession of the Property immediately upon the Close of Escrow.

Section 13. Representations and Warranties.

(a) SELLER hereby makes the following representations, covenants and warranties:

(1) Power and Authority. SELLER has the legal power, right and authority to enter into this Agreement and to execute the instruments and documents referenced herein, and to consummate the transaction contemplated hereby.

(2) Requisite Action. SELLER has taken all requisite action and obtained all requisite consents in connection with entering into this Agreement and the instruments and documents referenced herein and the consummation of the transactions contemplated hereby, and no consent of any other party is required.

(3) Enforceability of Agreement. The persons executing this Agreement and any instrument or document referenced herein for or on behalf of SELLER have been duly authorized to so act on behalf of SELLER and this Agreement and any such instrument or document is valid and legally binding on SELLER and enforceable against SELLER in accordance with their respective terms.

(4) No Litigation. There is no pending or, to the best of SELLER's knowledge, threatened claims, action, allegations or lawsuit of any kind, whether for personal injury, property damage, property taxes, or otherwise, that could affect the Property.

(5) No Violation. Neither the execution of this Agreement or the other instruments and documents referenced herein nor the performance by SELLER of its obligations hereunder and thereunder shall result in a breach or constitute a default under any agreement, document, instrument or other obligation to which SELLER is a party or by which

SELLER may be bound or under law, statute, ordinance, rule, governmental regulation, state constitution, or any writ, injunction, order or decree of any court or governmental body applicable to SELLER.

(6) Operation and Condition Pending Closing. Between the date of this Agreement and the Close of Escrow hereunder, SELLER will continue to manage, operate and maintain the Property in the same manner as existed prior to the execution of this Agreement.

(7) Contracts. There are no contracts or agreements to which SELLER is a party relating to the operation, maintenance, development, improvement or ownership of the Property which will survive the Close of Escrow.

All representations and warranties contained in this Section 13(a) are true and correct on the date hereof and on the Closing Date and shall survive the Close of Escrow.

(b) Warranties and Representations by BUYER. BUYER hereby makes the following representations, covenants and warranties and acknowledges that the execution of this Agreement by SELLER has been made in material reliance by SELLER on such covenants, representations and warranties:

(1) BUYER has the legal right, power and authority to enter into this Agreement and the instruments and documents referenced herein and to consummate the transactions contemplated hereby. The persons executing this Agreement and such other instruments as may be referenced herein on behalf of BUYER hereby represent and warrant that such persons have the power, right and authority to bind BUYER.

(2) BUYER has taken all requisite action and obtained all requisite consents in connection with entering into this Agreement and the instruments and documents referenced herein and the consummation of the transactions contemplated hereby, and no consent of any other party is required.

(3) This Agreement is, and all instruments and documents to be executed by BUYER pursuant to this Agreement shall be, duly executed by and are or shall be valid and legally binding upon BUYER and enforceable in accordance with their respective terms.

(4) Neither the execution of this Agreement nor the consummation of the transaction contemplated hereby shall result in a breach of or constitute a default under any other agreement, document, instrument or other obligation to which BUYER is a party or by which BUYER may be bound, or under law, statute, ordinance, rule governmental regulation or any writ, injunction, order or decree of any court or governmental body applicable to BUYER.

(5) BUYER has made (or will make prior to the Closing Date) an independent investigation with regard to the Property, will have used commercially reasonable efforts to ascertain to its satisfaction the extent to which the Property complies with applicable zoning, building, environmental, health and safety and all other laws codes and regulations, and BUYER's intended use thereof, including without limitation, review and/or approval of matters disclosed by SELLER pursuant to this Agreement

All representations and warranties contained in this Section 13(b) are true and correct on the date hereof and on the Closing Date and shall survive the Close of Escrow.

Section 14. Conflict of Interest.

No member, official or employee of either party having any conflict of interest, direct or indirect, related to this Agreement and the use and development of the Property shall participate in any decision relating to the Agreement. The parties represent and warrant that they do not have knowledge of any such conflict of interest.

Section 15. Nonliability of Officials and Employees.

No officer, official or employee of SELLER shall be personally liable to BUYER, or any successor in interest of such other party, in the event of any default or breach or for any amount which may become due hereunder, or on any obligations under the terms of this Agreement.

Section 16. Indemnification.

BUYER agrees to indemnify and hold SELLER and its officers, employees and agents harmless from and against all damages, judgments, costs, expenses and attorney's fees arising from or related to any act or omission of BUYER in performing its obligations hereunder, including such that arise as the result of BUYER's investigations of the Property. SELLER shall give BUYER written notice of the occurrence of a claim, litigation or other matters for which SELLER seeks indemnity under this Section as promptly as practicable following SELLER'S knowledge of the occurrence of such matter and SELLER shall reasonably cooperate with BUYER in the defense of any such claim or matter and shall not take any action that would adversely affect BUYER's defense of such matter.

Section 17. Default.

(a) Default by Buyer; Limitation on Liability; Liquidated Damages. IF BUYER REFUSES OR FAILS TO CONSUMMATE THE CLOSING UNDER THIS AGREEMENT FOR ANY REASON OTHER THAN: (I) THE FAILURE OF AN EXPRESS CONDITION PRECEDENT TO BUYER'S OBLIGATION TO CLOSE, OR (II) ANY OTHER EXPRESS RIGHT OF BUYER SET FORTH IN THIS AGREEMENT TO TERMINATE THIS AGREEMENT, THEN THE SELLER'S RETENTION OF THE DEPOSIT AND ESCROW EXTENSION FEE, IF APPLICABLE, PLUS ANY INTEREST ACCRUED THEREON SHALL BE SELLER'S SOLE REMEDY FOR BUYER'S FAILURE TO CLOSE, AND BOTH PARTIES SHALL BE RELIEVED OF AND RELEASED FROM ANY FURTHER LIABILITY HEREUNDER. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT OF A DEFAULT BY BUYER, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. SELLER AND BUYER AGREE THAT THE DEPOSIT AND ESCROW EXTENSION FEE IS A FAIR AND REASONABLE AMOUNT TO BE RETAINED BY SELLER AS AGREED AS LIQUIDATED DAMAGES IN LIGHT OF SELLER'S REMOVAL OF THE PROPERTY FROM THE MARKET AND THE COSTS INCURRED BY SELLER, AND SHALL NOT CONSTITUTE A PENALTY OR A FORFEITURE.

BY PLACING ITS INITIALS BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.

INITIALS: Seller: _____ Buyer: _____

(b) Default By Seller; Other Failure To Consummate Agreement. IF CLOSING FAILS TO OCCUR SOLELY AS A RESULT OF (i) A DEFAULT BY SELLER IN THE PERFORMANCE OF CONDITIONS PRECEDENT TO CLOSING, OR (ii) THE FAILURE OF A CONDITION BENEFITING BUYER BECAUSE SELLER FRUSTRATED SUCH FULFILLMENT BY SOME AFFIRMATIVE ACT OR OMISSION, AND IF ALL OTHER CONDITIONS TO BUYER'S OBLIGATIONS TO CONSUMMATE THE SALE OF THE PROPERTY TO BE SATISFIED AS OF THE DATE OF SUCH DEFAULT OR FAILURE OF CONDITION HAVE BEEN SATISFIED AT THE TIME OF SUCH DEFAULT OR FAILURE, THEN, UPON NOTICE BY BUYER TO SELLER AND ESCROW AGENT TO THAT EFFECT, BUYER SHALL HAVE THE RIGHT, IN BUYER'S SOLE DISCRETION AND AS ITS SOLE AND ONLY REMEDIES HEREUNDER TO THE EXCLUSION OF ALL OTHER POTENTIAL REMEDIES, TO EITHER (I) TERMINATE THIS AGREEMENT AND RECEIVE THE DEPOSIT PLUS ANY INTEREST ACCRUED THEREON IN WHICH EVENT THIS AGREEMENT SHALL AUTOMATICALLY TERMINATE AND BE OF NO FURTHER FORCE OR EFFECT AND NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER, OTHER THAN PURSUANT TO ANY PROVISION HEREOF WHICH EXPRESSLY SURVIVES THE TERMINATION OF THIS AGREEMENT; or (II) BRING AN ACTION FOR SPECIFIC PERFORMANCE, PROVIDED, HOWEVER, THAT ANY SUCH ACTION FOR SPECIFIC PERFORMANCE SHALL BE FILED AND SERVED BY BUYER WITHIN THIRTY (30) DAYS OF THE DATE OF THE ALLEGED SELLER'S DEFAULT, IT BEING THE INTENT OF THE PARTIES HERETO THAT ANY FAILURE OF BUYER TO MEET THE TIME DEADLINE SET FOR FILING SHALL BE DEEMED TO BE BUYER'S ELECTION TO WAIVE AND RELINQUISH ANY RIGHTS TO ENFORCE SPECIFIC PERFORMANCE OF THIS AGREEMENT.

INITIALS: Seller: _____ Buyer: _____

Section 18. Miscellaneous.

(a) This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and together shall constitute one and the same agreement, with one counterpart being delivered to each party hereto.

(b) All periods of time referred to in this Agreement shall include all Saturdays, Sundays and state or national holidays, provided that if the date or last date to perform any act or give any notice with respect to this Agreement shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

(c) The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render the other provisions hereof unenforceable, invalid or illegal.

Section 19. Entire Agreement.

(a) This Agreement and the exhibits attached hereto constitute the entire understanding and Agreement of the parties.

(b) This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto with respect to the Property.

(c) The headings to the paragraphs of this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not in any way affect its interpretation.

Section 20. Board of Supervisor's Approval.

This agreement is subject to, and will have no force or effect until and unless first approved by the Board of Supervisors of the County of San Bernardino.

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement
As of the dates set forth below

BUYER :

By: _____ Date: _____

Print Name: _____

Its: _____

SELLER:

COUNTY OF SAN BERNARDINO

By: _____ Date: _____

Janice Rutherford, Chair
Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIR OF THE BOARD

Approved as to Legal Form:

LAURA H. WELCH, Clerk of the Board of
Supervisors

JEAN-RENE BASLE, County Counsel
San Bernardino County, California

By: _____ By: _____

Deputy

Robert F. Messinger, Deputy

Date: _____ Date: _____

EXHIBIT "A"

LEGAL DESCRIPTION

Parcel 1:

The north 147.16 feet of the west 148 feet of Lot 38 in Section 21, Township 2 south, Range 7 west, according to map of Subdivision of Rancho Santa Ana Del Chino, as shown by map on file in Book 6 Page(s) 15, of Maps, Records of San Bernardino County, California.

Parcel 2:

Lot(s) 37, 38, 43, 44, 53, 54, 59 and 60, all in Section 21, Township 2 south, Range 7 west, according to the map of Subdivision of Rancho Santa Ana Del Chino, as shown by map on file in Book 6 Page(s) 15, of Maps, Records of San Bernardino County;

Except that portion of Lot 38 lying within Parcel 1 shown above.

APN 1054-391-02 and 1054-391-03

EXHIBIT "B"

LEASE

DRAFT

EXHIBIT "C"

LEASE ASSIGNMENT FORM

DRAFT

EXHIBIT "D"

THE DEED

DRAFT